

Nekaneet First Nation

Consolidated Financial Statements

March 31, 2023

Nekaneet First Nation

Management's Responsibility for Financial Reporting

March 31, 2023

The financial statements have been prepared by management in accordance with the Canadian Public Sector Accounting Standards (PSAS) and the reporting requirements of the funding agreement with Indigenous Services Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgments. When alternative methods exist, management has chosen what it deems most appropriate, in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the presentation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

The Chief and Council review and approve the financial statements for issuance to Band members. The Chief and Council meet periodically with management, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and review the financial statements and the external auditors' report.

McClelland Debusschere CPA PC Inc., an independent firm of Chartered Professional Accountants, has been engaged by Chief and Council to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements follows.

Signature on file

Nekaneet First Nation

Nov 7, 2023

Date



McClelland Debusschere

Chartered Professional Accountants

Assurance Tax Advisory

Independent Auditor's Report

To the Members of
Nekaneet First Nation

Opinion

We have audited the consolidated financial statements of Nekaneet First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, remeasurement gains and losses, cash flows and changes in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nekaneet First Nation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 28 in the consolidated financial statements, which explains that certain comparative information for the year ended March 31, 2022 has been restated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,



McClelland Debusschere

Chartered Professional Accountants

Assurance Tax Advisory

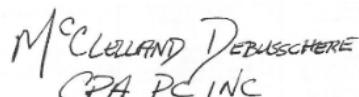
Independent Auditor's Report

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the first nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Saskatoon, SK

November 7, 2023

Nekaneet First Nation
Consolidated Statement of Financial Position
March 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 209,866	\$ 262,323
Restricted assets (Note 2)	291,142	169,201
Trust funds held by Federal Government (Note 3)	30,474	19,876
Accounts receivable (Note 4)	497,872	607,300
Due from related parties (Note 5)	518,713	366,913
Limited partnership interests (Note 6)	431,658	419,650
Portfolio investment (Note 7)	666,667	-
	\$ 2,646,392	\$ 1,845,263
Financial Liabilities		
Bank indebtedness (Note 8)	314,238	375,631
Accounts payable (Note 9)	358,769	531,110
Unexpended revenue (Note 10)	2,013,414	1,297,268
Long term debt (Note 11)	4,957,052	4,118,493
Loss in government business enterprises (Note 12)	1,175,531	1,298,791
	8,819,004	7,621,293
Net Financial Debt		
	(6,172,612)	(5,776,030)
Non-financial Assets		
Tangible capital assets (Note 13)	8,215,108	8,140,494
Accumulated Surplus (Note 14)		
Accumulated operating surplus	2,375,829	2,364,464
Accumulated remeasurement losses	(333,333)	-
	\$ 2,042,496	\$ 2,364,464

Approved on behalf of the Nekaneet First Nation:

Signature on file

Signature on file

Signature in file

Nekaneet First Nation

Consolidated Statement of Operations For the Year Ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Grants and Contributions			
Indigenous Services Canada (Note 15)			
Canada Heritage	\$ 1,811,294	\$ 5,355,434	\$ 4,579,260
Canada Mortgage and Housing	-	300,000	237,500
First Nations Trust	116,654	251,118	504,845
Federation of Sovereign Indigenous Nations	125,000	215,438	101,461
Ottawa Trust (Note 3)	238,444	214,163	161,433
File Hills Qu'Appelle Tribal Council	-	175,598	131,764
Government of Saskatchewan	58,769	128,162	219,401
Other revenue	30,000	52,329	25,765
Rebate Income	186,937	1,859,630	899,719
Community Development Account	320,000	418,262	307,450
Earnings in GBE (Note 12)	-	286,942	400,872
Keseechiwan Holdings - monetary benefit	123,259	91,628	815
Limited Partnership Earnings (loss) (Note 6)	-	37,008	(20,277)
TC Keystone Pipeline LP	91,000	10,000	176,000
Living Sky Community Development Corp	-	7,987	15,448
Recognition (deferral) of unexpended funding (Note 10)	(716,146)	(194,659)	
	3,028,098	8,810,812	7,636,956
Expenses			
Community Development (Schedule 1)			
Economic Development (Schedule 2)	728,448	1,087,791	642,629
Education (Schedule 3)	33,369	59,365	203,461
Indigenous Government Support (Schedule 4)	632,003	1,315,450	1,387,830
Social Development (Schedule 5)	634,717	801,606	498,301
Registration and Membership (Schedule 6)	254,377	351,881	294,960
Governance and Institutions (Schedule 7)	5,000	6,638	5,023
Health Services (Schedule 8)	-	264,657	602,125
CMHC Operations (Schedule 9)	-	872,889	822,439
Band Programs (Schedule 10)	132,740	213,890	253,639
Amortization (Schedule 11)	607,444	3,149,247	2,444,030
	-	676,033	670,620
	3,028,098	8,799,447	7,825,057
Current surplus (deficit)			
Accumulated surplus - Beginning of the year	-	11,365	(188,101)
Accumulated surplus - End of the year	2,364,464	2,364,464	2,552,565
Expense by object disclosure (Note 16)	\$ 2,364,464	\$ 2,375,829	\$ 2,364,464

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Consolidated Statement of Remeasurement Gains and Losses For the Year Ended March 31, 2023

	2023	2022
Accumulated remeasurement gains (losses) at the beginning of the year	\$ -	\$ -
Unrealized losses attributable to:		
Portfolio investments	(333,333)	-
Amounts reclassified to statement of operations:		
Portfolio investments	-	-
Net remeasurement losses for the year	(333,333)	-
Accumulated remeasurement losses for the year	\$ (333,333)	-

Nekaneet First Nation

Consolidated Statement of Changes in Net Debt For the Year Ended March 31, 2023

	2023 Budget	2023	2022
Current surplus (deficit)	\$ -	\$ 11,365	\$ (188,101)
Amortization of tangible capital assets	-	676,033	670,620
Change in prepaid expenses	-	-	6,497
Acquisition of tangible capital assets	-	(1,081,750)	(765,858)
Disposal of tangible capital assets	-	331,103	193,025
Net remeasurement losses	-	(333,333)	-
Change in net debt during the year	-	(396,582)	(83,817)
Net debt - Beginning of year	(5,776,030)	(5,776,030)	(5,692,213)
Net debt - End of year	\$ (5,776,030)	\$ (6,172,612)	\$ (5,776,030)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Consolidated Statement of Cash Flows For the Year Ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Current surplus (deficit)	\$ 11,365	\$ (188,101)
Non-cash items:		
Amortization	676,033	670,620
Change in working capital items:		
Trust funds held by Federal Government	(10,598)	736
Accounts receivable	109,428	(405,995)
Due from related parties	(151,800)	(115,386)
Accounts payable	(172,343)	(55,874)
Unexpended revenue	716,147	194,659
Prepaid expenses	-	6,497
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	1,178,232	107,156
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted assets	(121,941)	56,704
Earnings from GBE	(123,260)	(1,015)
Loss (Earnings) from LP interests	(12,008)	20,277
Purchase of shares - Gensource Potash Corp.	(1,000,000)	-
NET CASH USED BY INVESTING ACTIVITIES	(1,257,209)	75,966
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of long term debt	1,000,000	694,299
Repayment of long term debt	(161,440)	(444,571)
NET CASH USED BY FINANCING ACTIVITIES	838,560	249,728
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Tangible capital assets additions	(1,081,750)	(765,858)
Tangible capital assets disposal	331,103	193,025
NET CASH USED BY CAPITAL ACTIVITIES	(750,647)	(572,833)
Net cash increase (decrease)	8,936	(139,983)
Cash (bank indebtedness) at beginning of period	(113,308)	26,675
Bank indebtedness at end of period	\$ (104,372)	\$ (113,308)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

1. Significant Accounting Policies

Nekaneet First Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include Nekaneet First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The reporting entity Nekaneet First Nation is governed by elected officials from the Nekaneet First Nation.

a. Basis of Accounting

These financial statements have been prepared in accordance with CPA Canada Public Sector Accounting Standards prescribed for governments.

b. Reporting entity

The Nekaneet First Nation reporting entity includes the Nekaneet First Nation government and all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

c. Principles of consolidation

These financial statements consolidate the assets, liabilities, and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

Nekaneet First Nation - Operations
Nekaneet First Nation - CMHC Housing Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Under the modified equity method of accounting, only Nekaneet First Nation's investment in the government business enterprise or government business partnership and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Nekaneet First Nation. Entities recorded under the modified equity method include:

New Horizon First Nations Administration Inc.
Nekaneet First Nation Investment Holdings Ltd.
Nekaneet Management Ltd.
Nekaneet Holdings GP Ltd.
Keseechiwan Holdings LP
FHQTC Developments LP

d. Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

e. Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial assets is determined by its financial assets less liabilities. Net debt or net financial assets is comprised of two components, non-financial assets and accumulated surplus.

f. Cash

Cash includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of 90 days or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Any cash that is legally restricted from use is recorded in restricted assets. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

g. Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

It has been assessed by management that as at March 31, 2023 there was no liability.

h. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Nekaneet First Nation's incremental cost of borrowing.

Amortization is provided for over the estimated useful lives of the assets. No amortization is recorded in the year of acquisition.

Buildings
Housing

25 years Straight line
25 years Straight line

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

h. Tangible capital assets continued

Furniture and Equipment	3 - 10 years Straight line
Vehicles and machinery	5 - 15 years Straight line
Infrastructure	10 - 40 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Nekaneet First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

i. Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable and member advances are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements.

j. Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

k. Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

I. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is not practicable.

Government transfers, which includes transfers from Indigenous Services Canada, the Ottawa Revenue Trust, File Hills Qu'Appelle Tribal Council, the Government of Saskatchewan, Canada Mortgage and Housing Corporation, and First Nations Trust are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for a specific purpose.

Other revenues, including administration fees, expense recoveries, interest, and rent are recorded when earned.

Earnings from government business enterprises and limited partnership are recorded based on the modified equity method, based on the ownership percentage held and reported income of the other entities.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed. Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

m. Recognition of expenses

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

n. Portfolio investments

Portfolio investments are accounted for at the lower of cost or market value. The market value of the First Nation's portfolio of securities is determined based on the closing price reported on recognized securities exchanges and on over-the-counter markets. Such indicated market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

o. Pension plan

Nekaneet First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements **For the Year Ended March 31, 2023**

1. Significant Accounting Policies continued

p. Leased assets

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred. No assets under capital lease, or obligations under capital lease existed as of March 31, 2023.

q. Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

r. Other Economic Interests

The First Nation is a member of the File Hills Qu'Appelle Tribal Council (FHQTC). The File Hills Qu'Appelle Tribal Council is an organization of 11 nations.

The First Nation does not either share in the control or the profit or loss of File Hills Qu'Appelle Tribal Council. As a result, the financial statements of the FHQTC have not been consolidated or proportionately consolidated with the financial statements of Nekaneet First Nation.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

2. Restricted Assets

The First Nation has received federal assistance through the CMHC, pursuant to Section 95 of the National Housing Act, to reduce mortgage interest and enable the First Nation to provide housing to members. The continuation of this interest rate reduction is contingent on the First Nation being in compliance with the terms of the agreement, which requires that a monthly amount be set aside to provide for major renovations to First Nation housing in future years.

The First Nation has established a replacement reserve to ensure replacement of buildings financed by the CMHC, as well as a reserve related to surpluses generated in the post-1997 program, which are to be set aside and used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance.

The CMHC reserve funds must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by the CMHC. Reserve withdrawals are credited first to interest and then to principal.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Restricted assets are comprised of the following:

	2023	2022
CMHC - Funded reserves	\$ 167,956	\$ 134,179
Funds held for Capital Projects	<u>123,186</u>	35,022
	<u>\$ 291,142</u>	<u>\$ 169,201</u>

3. Trust Funds held by Federal Government

	Revenue	Capital	Total	Total
	\$ 2,312	\$ 17,564	\$ 19,876	\$ 20,612
Surplus, beginning of year	\$ 2,312	\$ 17,564	\$ 19,876	\$ 20,612
Lease revenue	172,266	-	172,266	130,045
Interest income	3,332	-	3,332	1,719
Withdrawals	<u>(165,000)</u>	<u>-</u>	<u>(165,000)</u>	<u>(132,500)</u>
	<u>\$ 12,910</u>	<u>\$ 17,564</u>	<u>\$ 30,474</u>	<u>\$ 19,876</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

4. Accounts Receivable

	2023	2022
Trade Receivables		
Trade accounts receivable	\$ 93,444	\$ 297,876
Sales tax receivable	10,341	2,743
Receivable from employees	9,194	5,118
	112,979	305,737
Allowance for doubtful accounts	(7,849)	(7,849)
	105,130	297,888
Due from government and other government organizations		
Indigenous Services Canada	359,685	-
File Hills Qu'Appelle Tribal Council	19,584	76,014
CMHC - Subsidy	10,489	8,398
Health Canada	2,984	-
CMHC - Special Contribution	-	225,000
	392,742	309,412
	\$ 497,872	\$ 607,300

5. Due from Related Parties

Nekaneet First Nation conducts business transactions with New Horizon First Nations Administration and Nekaneet Management Ltd. These transactions are in the normal course of business for fair consideration that is mutually agreed upon by the related parties. The balance owing to the First Nation is non-interest bearing and not subject to fixed repayment terms.

	2023	2022
Due from New Horizon First Nations Administration	\$ 518,713	\$ 366,913

Nekaneet First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

6. Limited Partnership Interests

The First Nation has an 8.3% interest in Keseechiwan Holdings LP and FHQTC Developments LP. Summarized financial information for the investments in government business partnerships for the year ended March 31 is as follows:

	Keseechiwan Holdings LP	FHQTC Developments LP	2023	Keseechiwan Holdings LP	FHQTC Developments LP	2022
Total assets	\$ 31,578,949	\$ 5,454,426	\$ 37,033,375	\$ 32,098,059	\$ 5,390,294	\$ 37,488,353
Total liabilities	26,866,025	272,448	27,138,473	28,413,919	352,585	28,766,504
Equity	4,712,924	5,181,978	9,894,902	3,684,140	5,037,709	8,721,849
	31,578,949	5,454,426	37,033,375	32,098,059	5,390,294	37,488,353
Revenue	3,692,236	2,753,524	6,445,760	3,654,016	1,502,487	5,156,503
Expenses	2,308,948	2,309,253	4,618,201	2,424,790	1,745,909	4,170,699
Net income (loss) for the year	\$ 1,383,288	\$ 444,271	\$ 1,827,559	\$ 1,229,226	\$ (243,422)	\$ 985,804

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

The First Nation's investment in Keseechiwan Holdings LP is written to \$1 as the First Nation has withdrawn more than their partner's capital. As a result, all withdrawals has been recognized as an income of the First Nation and their share of net income is not recorded. The First Nation's limited partnership interests in FHQTC Developments LP consist of the following:

	2023	2022
Balance, beginning of the year	\$ 419,650	\$ 439,927
Share of the earnings	37,008	(20,277)
Distributions received	(25,000)	-
	\$ 431,658	\$ 419,650

7. Portfolio Investments

The First Nation holds the following investments:

	2023	2023	2023	2022
	Units	Cost	Market Value	Market Value
Gensource Potash Corp	\$ 6,666,666	\$ 1,000,000	\$ 666,667	\$ -

8. Bank Indebtedness

The First Nation has an approved operating line of credit with a limit of \$60,000 with Peace Hills Trust bearing interest at prime rate plus 2%. As at March 31, 2023, the draw on the line of credit is \$nil (2022 - \$105,314). There were outstanding cheques issued in excess of deposits totaling \$286,741 (2022 - \$255,598).

The First Nation has no authorized overdraft protection with Bank of Montreal (BMO) general account, any amounts overdrawn bear interest at 21%. This account was not overdrawn in the current year (2022 - \$4,615).

The First Nation has an approved operating line of credit with a limit of \$30,000 with Bank of Montreal (BMO) Elders account bearing interest at prime rate plus 2.25%. The draw on the line of credit is \$27,497 (2022 - \$10,088).

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

9. Accounts Payable

	2023	2022
Trade accounts payable	\$ 349,428	\$ 519,410
Wages payable	9,341	8,265
Group insurance payable	-	3,435
	\$ 358,769	\$ 531,110

10. Unexpended Revenue

ISC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to ISC, deferred to the following year, or transferred to another ISC program area. Any funding arrangements that have a provision that allows the recipient to retain the excess funds are recorded as surpluses. All other excess funds are recorded as a liability and classified as "Unexpended funds" on the financial statements.

	Balance, beginning of the year	Contributions received	Amount recognized	2023
ISC Capital funding				
School Renovations	\$ -	\$ 100,000	\$ (15,063)	\$ 84,937
Small Water Systems Upgrade	-	122,339	(60,951)	61,388
Water Treatment	41,697	-	(41,697)	-
	41,697	222,339	(117,711)	146,325
ISC Funding				
Housing Budget 2022 Construction	-	322,976	-	322,976
Nekaneet Capacity Building Water	-	450,000	(188,727)	261,273
Renovations - Immediate Needs	167,766	91,840	(55,734)	203,872
Water Systems	109,743	156,093	(128,013)	137,823
Wastewater systems	91,747	91,668	(90,952)	92,463
Basic Needs	65,744	268,788	(243,462)	91,070
Roads and Bridges	43,273	110,844	(86,529)	67,588
Housing Capacity	-	49,345	(9,500)	39,845
Student Transportation	32,244	129,687	(122,772)	39,159
Employment & Training	12,226	31,152	(5,867)	37,511
Summer Work Experience Program	34,145	7,106	(7,594)	33,657
Institutional Care	18,335	16,728	(4,450)	30,613

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

10. Unexpended Revenue continued

	Balance, beginning of the year	Contributions received	Amount recognized	2023
Summer Work Experience - COVID-19	27,504	-	-	27,504
Post Secondary Education	-	248,839	(222,932)	25,907
Skills Link	41,277	15,815	(31,355)	25,737
Closing the Infrastructure Gap	-	25,000	-	25,000
FNCFS Prevention	-	423,117	(398,898)	24,219
PROV/PRIVATE STD Suppr	-	43,188	(22,316)	20,872
COVID 19 ICSF4 EMAP	9,900	82,184	(74,512)	17,572
Basic needs - COVID-19	14,683	-	-	14,683
Community Buildings	19,763	114,462	(123,551)	10,674
Economic Development - Gas Bar Business Plan & Engineering	9,353	-	-	9,353
FN School Adult Education	-	8,335	-	8,335
Waste Diversion Program Water Diversion - Recycle Waste Project	-	103,914	(97,665)	6,249
COVID-19 ICSF 3 Food Security	51,426	-	(46,770)	4,656
Special needs - COVID-19	3,945	-	-	3,945
Special needs	-	27,723	(24,714)	3,009
FN School Protect Formula	-	27,201	(25,370)	1,831
Electrical Systems	-	2,065	(1,002)	1,063
PROV/PRIVATE Admin 2nd Level	-	28,997	(28,400)	597
FIN MGMT GOV CAP DEV	40,650	15,000	(55,650)	-
Home Care - COVID-19	4,000	-	(4,000)	-
	797,724	2,892,067	(2,100,735)	1,589,056

FNIHB Funding

Mental Wellness	8,900	415,943	(346,186)	78,657
CDCM - Public Health Nurse & CHR	198,246	5,427	(137,640)	66,033
Medical Transportation - Admin	19,299	45,000	(36,052)	28,247
Capital Investments	16,405	-	-	16,405
Jordan's Principle - Youth Workers	31,045	85,513	(105,736)	10,822
CDE Planning & Response	5,517	6,841	(1,684)	10,674
Health Infrastructure - Connectivity & Maintenance	-	10,620	-	10,620
JP Education Cultural Liaison	6,963	40,612	(36,973)	10,602
COVID-19 Health Facility	8,169	-	-	8,169
MT One Time Vehicle	-	111,500	(104,315)	7,185

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

10. Unexpended Revenue continued

	Balance, beginning of the year	Contributions received	Amount recognized	2023
Health Research & Engagement	3,988	4,702	(1,778)	6,912
Canadian Prenatal Nutrition Program	3,281	5,872	(2,337)	6,816
Fetal Alcohol Spectrum Disorder	2,700	3,000	(1,400)	4,300
TB Prevention and Promotion	1,928	2,688	(769)	3,847
CHR	-	27,988	(25,976)	2,012
JP Cultural Support - Horse Program	29,948	9,500	(38,894)	554
	336,389	775,206	(839,740)	271,855
Other Funding				
FHQ - Parent Mentor	7,900	15,208	(16,930)	6,178
CFS Capacity Building	58,872	-	(58,872)	-
FHQ - Daycare	42,707	-	(42,707)	-
FHQ - Aboriginal Head Start	11,979	22,250	(34,229)	-
	121,458	37,458	(152,738)	6,178
	\$1,297,268	\$ 3,927,070	\$ (3,210,924)	\$ 2,013,414

11. Long-term Debt

	2023	2022
Peace Hills Trust loan bearing interest at 7.45% per annum, repayable in monthly principal and interest payments of \$23,675 and quarterly principal payments of \$23,675. The loan matures on October 1, 2025 and is secured by GSA, ISC, FNT & FNGST.	\$ 2,046,389	\$ 1,270,527
Bank of Montreal loan bearing interest at prime plus 2.00% per annum, repayable in monthly interest only payments and yearly principal payments of \$91,677. The loan matures on December 31, 2038 and is secured by Band Council Resolution authorizing the loan. No principal payment was made during the year, however, the loan remains uncalled.	1,283,342	1,283,342
Bank of Montreal loan bearing interest at prime plus 2.00% per annum, repayable in monthly payments of \$8,675. The loan matures on March 30, 2030 and is secured by Band Council Resolution authorizing the loan.	60,723	69,397
Peace Hills Trust loan repaid fully during the year.	-	51,864
	3,390,454	2,675,130

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

11. Long-term Debt continued

	2023	2022
CMHC Mortgages		
CMHC Phase 10, repayable at \$1,101/month including interest at 0.75%. The mortgage term expires February 1, 2025.	25,142	38,117
CMHC Phase 11, repayable at \$1,390/month including interest at 2.50%. The mortgage term expires June 1, 2023.	65,954	80,792
CMHC Phase 12, repayable at \$1,493/month including interest at 1.30%. The mortgage term expires April 1, 2026.	127,982	144,126
CMHC Phase 13, repayable at \$2,563/month including interest at 2.68%. The mortgage term expires October 1, 2023.	283,290	306,158
CMHC Phase 14, repayable at \$2,198/month including interest at 1.86%. The mortgage term expires April 1, 2024.	366,669	386,060
CMHC Phase 15, repayable at \$2,150/month including interest at 2.27%. The mortgage term expires April 1, 2027.	310,978	321,037
CMHC Phase 16, repayable at \$2,712/month including interest at 3.12%. The mortgage term expires April 1, 2028.	386,583	167,073
	1,566,598	1,443,363
	\$ 4,957,052	\$ 4,118,493

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are as follows:

	Bank debt & financing contracts	CMHC Mortgages	Total
2024	\$ 451,559	\$ 127,520	579,079
2025	344,678	129,214	473,892
2026	280,718	119,908	400,626
2027	294,624	122,742	417,366
2028	309,602	111,634	421,236
Subsequent	1,709,273	955,580	2,664,853
	\$ 3,390,454	\$ 1,566,598	\$ 4,957,052

Nekaneet First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

12. Loss in Government Business Enterprises

Government business enterprises are those organizations that meet the definition of government business enterprises as described by Public Sector Accounting Standards of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government. The First Nation owns a 100% interest in New Horizon First Nations Administration Inc., Nekaneet Management Ltd., and Nekaneet Holdings GP Ltd. (year end - December 31), and Nekaneet First Nation Investment Holdings Ltd. (year end - March 31). Summarized financial information for the investments in government business enterprises as at their individual year ends is as follows:

	New Horizon First Nations Administration Inc.	NFN Investment Holdings Ltd.	Nekaneet Management Ltd.	Nekaneet Holdings GP Ltd.	2023	New Horizon First Nations Administration Inc.	NFN Investment Holdings Ltd.	Nekaneet Management Ltd	Nekaneet Holdings GP Ltd.	2022
Cash	\$ 81,259	\$ -	\$ 43,308	\$ -	\$ 124,567	\$ 3,680	\$ -	\$ -	\$ -	\$ 3,680
Other Assets	193,678	127	111,073	100	304,978	208,723	825	100	100	209,748
	274,937	127	154,381	100	429,545	212,403	825	100	100	213,428
Liabilities	1,574,752	-	29,044	1,278	1,605,074	1,512,219	-	40,000	-	1,552,219
Equity	(1,299,816)	127	125,337	(1,178)	(1,175,530)	(1,299,816)	825	(39,900)	100	(1,338,791)
	274,936	127	154,381	100	429,544	212,403	825	100	100	213,428
Revenue	1,007,759	(698)	118,265	-	1,125,326	1,919,157	815	-	-	1,919,972
Expenses	(877,959)	-	(25,833)	(1,278)	(905,070)	(1,695,771)	-	-	-	(1,695,771)
Net income (loss) before other items	129,800	(698)	92,432	(1,278)	220,256	223,386	815	-	-	224,201
Other items	(129,800)	-	32,804	-	(96,996)	(223,386)	-	-	-	(223,386)
Net income (loss)	\$ -	\$ (698)	\$ 125,236	\$ (1,278)	\$ 123,260	\$ -	\$ 815	\$ -	\$ -	\$ 815

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

12. Loss in Government Business Enterprises continued

The First Nation's government business enterprises consist of the following:

	New Horizon First Nations Administration Inc.	NFN Investment Holdings Ltd.	Nekaneet Management Ltd.	Nekaneet Holdings GP Ltd.	2023	New Horizon First Nations Administration Inc.	NFN Investment Holdings Ltd.	Nekaneet Management Ltd.	Nekaneet Holdings GP Ltd.	2022
Balance, beginning of the year	\$ (1,299,816)	\$ 825	\$ 100	\$ 100	\$ (1,298,791)	\$ (1,299,816)	\$ 10	\$ -	\$ -	\$ (1,299,806)
Share of earnings	-	(698)	125,236	(1,278)	123,260	-	815	-	-	815
Purchase of shares	-	-	-	-	-	-	-	100	100	200
	<u>\$ (1,299,816)</u>	<u>\$ 127</u>	<u>\$ 125,336</u>	<u>\$ (1,178)</u>	<u>\$ (1,175,531)</u>	<u>\$ (1,299,816)</u>	<u>\$ 825</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ (1,298,791)</u>

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

13. Tangible Capital Assets

March 31, 2023	Land	CMHC Houses	First Nation Houses	Buildings	Infrastructure & Roads	Equipment	Machinery	Vehicles	Computer	Assets under construction	Total
Cost											
Balance, beginning of year	\$ 1,402,971	\$ 3,199,881	\$ 2,592,200	\$ 6,544,719	\$ 2,098,346	\$ 694,561	\$ 191,063	\$ 661,461	\$ 14,117	\$ 515,041	\$ 17,914,360
Additions	-	331,103	-	-	60,951	222,314	-	42,857	-	424,525	1,081,750
Disposals	-	-	-	-	-	-	-	-	-	(331,103)	(331,103)
Balance, end of year	1,402,971	3,530,984	2,592,200	6,544,719	2,159,297	916,875	191,063	704,318	14,117	608,463	18,665,007
Accumulated amortization											
Balance, beginning of year	-	2,119,499	418,577	5,694,215	473,689	564,158	33,475	459,992	10,261	-	9,773,866
Amortization	-	127,994	103,688	261,789	53,107	34,806	12,737	78,863	3,049	-	676,033
Balance, end of year	-	2,247,493	522,265	5,956,004	526,796	598,964	46,212	538,855	13,310	-	10,449,899
Net Book Value, end of Year	1,402,971	1,283,491	2,069,935	588,715	1,632,501	317,911	144,851	165,463	807	608,463	8,215,108
March 31, 2022											
Cost											
Balance, beginning of year	1,402,971	3,392,906	2,399,175	6,544,719	2,060,368	637,267	191,063	554,461	14,117	144,480	17,341,527
Additions	-	-	193,025	-	37,978	57,294	-	107,000	-	370,561	765,858
Disposals	-	(193,025)	-	-	-	-	-	-	-	-	(193,025)
Balance, end of year	1,402,971	3,199,881	2,592,200	6,544,719	2,098,346	694,561	191,063	661,461	14,117	515,041	17,914,360
Accumulated amortization											
Balance, beginning of year	-	1,991,504	314,889	5,432,426	419,142	535,082	20,737	381,128	8,338	-	9,103,246
Amortization	-	127,995	103,688	261,789	54,547	29,076	12,738	78,864	1,923	-	670,620
Balance, end of year	-	2,119,499	418,577	5,694,215	473,689	564,158	33,475	459,992	10,261	-	9,773,866
Net Book Value, end of year	\$ 1,402,971	\$ 1,080,382	\$ 2,173,623	\$ 850,504	\$ 1,624,657	\$ 130,403	\$ 157,588	\$ 201,469	\$ 3,856	\$ 515,041	\$ 8,140,494

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

14. Accumulated Surplus

	2023	2022
Equity in capital assets	\$ 3,258,056	\$ 4,022,001
CMHC replacement reserves	411,582	401,676
CMHC operating reserve	185,170	259,831
Equity in investments	77,206	879,141
Accumulated remeasurement losses	(333,333)	-
Operating fund	<u>(1,556,184)</u>	<u>(3,198,185)</u>
	<u>\$ 2,042,497</u>	<u>\$ 2,364,464</u>

- The operating fund reports on the general activities of the First Nation's administration;
- Equity in capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating capital assets that will be used to provide future services;
- Equity in investments reports on commercial business operations owned by the First Nation; and
- The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

15. Reconciliation of ISC Revenue

ISC revenue consists of the following:

	2023	2022
ISC - Flexible Contribution	\$ 2,521,078	\$ 2,299,906
ISC - Fixed Contribution	2,288,324	1,917,563
ISC - Set contribution	295,335	121,728
ISC - Grant	250,697	255,809
	<u>\$ 5,355,434</u>	<u>\$ 4,595,006</u>

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

16. Expenses by Object

	2023	2023	2022
	Budget	Actual	Actual
Contracted Services	\$ 170,158	\$ 1,976,441	\$ 1,711,505
Salaries and benefits	917,036	1,578,217	1,392,282
Activities	31,364	1,245,908	1,008,530
Amortization	-	676,034	670,620
Professional fees	119,500	655,910	453,311
Student Tuition & Allowances	350,309	633,611	631,218
Assistance	132,200	484,086	602,207
Utilities	199,357	404,689	272,876
Travel	108,500	306,843	235,340
Supplies	95,056	272,027	224,669
Admin fees	90,165	247,192	291,831
Equipment Purchase	-	237,632	139,147
Interest and bank charges	455,500	234,673	205,179
Social Assistance	112,627	191,225	153,081
Repairs and maintenance	128,897	160,805	116,960
Insurance	63,344	134,974	118,334
Meetings & workshops	51,343	109,828	170,799
Total expenses before transfers	3,028,098	9,550,095	8,397,889
Transfer to capital assets	-	(750,648)	(572,833)
	\$ 3,028,098	\$ 8,799,447	\$ 7,825,056

17. CMHC Housing Restricted Funds

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- The replacement reserve to ensure replacement of capital equipment and for major repairs to housing units, which requires an annual cash allocation of \$20,820 (2022 - \$18,420) to the reserve. At March 31, 2023, the reserve is required to be funded to a level of \$411,582 (2022 - \$401,676). At March 31, 2023, the cash balance in the reserve is \$167,956 (2022 - \$134,179).
- An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program which requires surpluses to be funded with cash. Future operating losses are able to draw on the reserve funds to sustain operations. At March 31, 2023, the reserve is required to be funded to a level of \$185,170 (2022 - \$259,832). At March 31, 2023, the cash balance in the reserve is \$114,053 (2022 - \$10,914).

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

18. Health Canada - Moveable Assets Reserve (MAR)

Health Canada funding agreements requires the First Nation to report on funding received and related expenditures for all assets over \$1,000 that are not permanently attached to the health facility building (e.g. medical equipment, furniture, vehicles).

There was no MAR for the current year.

19. Contingent Liabilities

Nekaneet First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Nekaneet First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nekaneet First Nation's financial statements.

The First Nation is contingently liable for a loan of New Horizon First Nations Administration Inc. with Peace Hills Trust. At March 31, 2023, there was an outstanding balance of \$891,915 (2022 - \$926,324).

20. Trusts Under Administration

Nekaneet First Nation holds assets in trust as a result of a settlement claim with Canada. These assets are managed by a corporate trustee and are not included on the statement of financial position as assets of the First Nation. Amounts held in trust at year end are the following:

	December 31, 2022	December 31, 2021
Nekaneet Treaty Benefits Claims Trust	\$10,745,635	\$12,057,994

21. Economic Dependence

Nekaneet First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

22. ISC Funding

The First Nation (Recipient) receives funding from Indigenous Services Canada (ISC) by entering into an agreement with ISC.

There are five approaches that ISC may consider in the design and delivery of transfer payment programs:

1. Grant approach – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

22. ISC Funding continued

2. Set contribution approach – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to ISC annually.

3. Fixed contribution approach – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by ISC. A plan must be submitted and approved by ISC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by ISC.

4. Flexible contribution approach – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to ISC at the end of the project, program or agreement.

5. Block contribution approach – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by ISC.

23. Segmented Information

As previously discussed in note 1 (j) the First Nation conducts its business through reportable segments as follows:

1 - Indigenous Services Canada (ISC)

Community Development: Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Economic Development: Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

Education: Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation,

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

23. Segmented Information continued

guidance and counselling services. Costs associated with ISC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labour market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide Internet access, information technology equipment, technical support and training to students and school staff.

Indigenous Government Support: Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

Social Development: First Nations' people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc

Registration and Membership: Cost associated with the maintenance of the Indian Register, a record of everyone who is registered as a member of the First Nation under the Indian Act.

Governance and Institutions: Costs associated with Governance and Institution of Government activities.

2 - Health Programs (FNIHB)

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

3 - Canada Mortgage and Housing Corporation (CMHC)

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

4 - Band programs

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, Community Development Account, Band Trust Funds and other business ventures. These outside revenue

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

23. Segmented Information continued

sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

24. Pension Plan

The Nekaneet First Nation and eligible employees participate in a defined contribution pension plan.

The Nekaneet First Nation financial obligation is limited to providing contributions at a specific rate in respect of employees' current service. Information regarding contributions to the above mentioned pension plans is as follows:

	2023	2022
Employee contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%
Employer contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%

During the year, the Nekaneet First Nation contributed \$15,604 (2022 - \$11,770) to the pension plan.

25. Annual Surplus Net of Capital Related Revenues and Amortization

	2023	2022
Current Surplus (deficit)	\$ 11,365	\$ (188,101)
Less capital related revenues included in annual surplus:		
Federal government transfers recognized	831,738	435,348
Less: Limited Partnership Earnings		
	843,103	247,247
	37,008	(20,277)
Add amortization expense included in annual surplus	676,033	670,620
	\$ 1,556,144	\$ 897,590

Nekaneet First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

26. Financial Instruments

The First Nation, as part of its operations, carries a number of financial instruments. Financial assets include cash, restricted cash, trust funds, related party advances, and accounts receivable and are measured at amortized cost as presented on the consolidated balance sheet, except for the investment in government business enterprise and limited partnership interests, which are measured using the modified equity method.

Financial liabilities include bank indebtedness, accounts payable, unexpended revenue, and long-term debt and are measured at amortized cost as presented on the consolidated balance sheet.

The First Nation is not subject to currency risk, credit risk, or other price risk. The following are the significant risks to which the First Nation is exposed.

Interest rate risk

The First Nation is exposed to interest rate cash flow risk to the extent that its loans payable are at a floating rate of interest. The First Nation is also exposed to interest rate price risk to the extent that agreements receivable are at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the First Nation maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the First Nation is exposed are interest rate risk and price risk.

27. Budgeted Figures

Budgeted figures are unaudited and have been provided for comparison purposes and have been derived from the budget approved by the Nekaneet First Nation's Chief and Council on March 31, 2022.

Nekaneet First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

28. Prior Period Adjustments

The First Nation has adjusted its comparative financial information as at and for the year ended March 31, 2022 due to the correction of the following:

Due from related parties

During the year, it was determined that the Due from New Horizon First Nations Administration balance was inaccurate as net income and head lease amounts from New Horizon First Nations Administration were not recorded.

As a result, the following consolidated financial statement items have been adjusted:

	2022		
	Previously Reported	Adjustments	Restated
Consolidated Statement of Financial Position			
Due from related parties	\$ 74,574	\$ 292,339	\$ 366,913
Net Financial Debt	(6,068,369)	292,339	(5,776,030)
Accumulated surplus	<u>2,072,125</u>	<u>292,339</u>	<u>2,364,464</u>
Consolidated Statement of Operations			
Other revenue	1,145,104	(245,385)	899,719
Current deficit	(433,486)	245,385	(188,101)
Accumulated surplus - Beginning of the year	2,505,611	46,954	2,552,565
Accumulated surplus - End of the year	<u>\$ 2,072,125</u>	<u>\$ 292,339</u>	<u>\$ 2,364,464</u>
Consolidated Statement of Changes in Net Debt			
Current deficit	\$ (433,486)	\$ 245,385	\$ (188,101)
Net debt - Beginning of year	(5,739,167)	46,954	(5,692,213)
Net debt - End of year	<u>\$ (6,068,369)</u>	<u>\$ 292,339</u>	<u>\$ (5,776,030)</u>

29. Comparative Figures

Prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

Nekaneet First Nation

Schedule #1

Community Development

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed Contribution	\$ 616,767	\$ 1,102,406	\$ 619,593
ISC - Flexible Contribution	97,281	780,803	229,441
ISC - Set contribution	-	110,109	-
Canada Community Revitalization Fund	-	116,848	-
Other revenue	-	42,106	-
File Hills Qu'Appelle Tribal Council	14,400	14,400	14,400
Recognition (deferral) of unexpended funding	-	(841,160)	(210,993)
	728,448	1,325,512	652,441
Expenses			
Contracted Services	93,180	472,889	159,724
Salaries and benefits	188,997	211,642	181,836
Utilities	116,500	146,232	116,289
Equipment Purchase	-	137,834	-
Supplies	70,382	111,580	81,178
Admin fees	48,227	65,727	52,619
Insurance	48,816	64,311	34,909
Repairs and maintenance	104,846	29,717	38,681
Travel	17,000	26,300	10,500
Meetings & workshops	20,000	17,371	7,150
Janitorial Services	20,500	11,775	12,470
Assistance	-	5,991	-
Interest and bank charges	-	270	2,623
Transfer to capital assets	-	(213,849)	(55,350)
	728,448	1,087,790	642,629
Current surplus	\$ -	\$ 237,722	\$ 9,812

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #2

Economic Development

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed Contribution	\$ -	\$ 155,488	\$ 175,197
File Hills Qu'Appelle Tribal Council	33,369	33,369	33,369
Recognition (deferral) of unexpended funding	-	-	(9,353)
	33,369	188,857	199,213
Expenses			
Professional fees	-	177,461	170,852
Contracted Services	26,032	32,438	12,975
Admin fees	3,337	3,338	3,337
Travel	4,000	1,616	3,154
Supplies	-	-	8,143
Assistance	-	-	5,000
Transfer to capital assets	-	(155,488)	-
	33,369	59,365	203,461
Current surplus (deficit)	\$ -	\$ 129,492	\$ (4,248)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #3

Education

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed Contribution	\$ 632,003	\$ 988,012	\$ 1,037,735
ISC - Flexible Contribution	-	50,112	129,654
Canada Heritage	-	300,000	237,500
Recognition (deferral) of unexpended funding	-	(22,674)	(110,240)
	632,003	1,315,450	1,294,649
Expenses			
Student Tuition & Allowances	350,309	620,786	619,563
Activities	-	167,474	119,230
Salaries and benefits	96,164	152,015	202,505
Contracted Services	22,472	149,870	125,968
Assistance	110,000	98,940	168,297
Admin fees	14,757	68,481	71,017
Supplies	-	21,950	27,747
Utilities	15,000	15,000	9,250
Repairs and maintenance	18,051	11,121	1,400
Travel	4,500	7,366	19,883
Professional fees	-	1,000	20,400
Meetings & workshops	-	750	1,650
Insurance	750	697	919
Equipment Purchase	-	-	15,000
Transfer to capital assets	-	-	(15,000)
	632,003	1,315,450	1,387,829
Current surplus (deficit)	\$ -	\$ -	\$ (93,180)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #4

Indigenous Government Support

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Grant	\$ 210,899	\$ 250,697	\$ 255,809
ISC - Flexible Contribution	5,884	5,884	5,884
Administrative Fees	91,792	105,261	124,577
Other revenue	12,000	77,104	50,328
	320,575	438,946	436,598
Expenses			
Salaries and benefits	416,717	353,843	284,645
Professional fees	112,000	244,918	59,608
Travel	70,000	68,317	35,446
Utilities	10,000	43,490	37,431
Insurance	-	41,858	36,345
Contracted Services	-	23,000	1,820
Supplies	7,500	12,076	6,807
Interest and bank charges	18,500	11,331	30,825
Activities	-	1,500	-
Repairs and maintenance	-	893	4,770
Meetings & workshops	-	380	-
Assistance	-	-	604
	634,717	801,606	498,301
Current deficit	\$ (314,142)	\$ (362,660)	\$ (61,703)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #5

Social Development

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible Contribution	\$ 210,603	\$ 352,801	\$ 293,749
ISC - Fixed Contribution	24,493	37,418	36,988
ISC - Set contribution	8,364	16,728	16,728
Recognition (deferral) of unexpended funding	-	(61,898)	(48,703)
	243,460	345,049	298,762
Expenses			
Social Assistance	112,627	191,225	153,081
Utilities	50,389	74,723	51,283
Salaries and benefits	37,702	45,249	46,328
Contracted Services	4,946	14,815	3,450
Supplies	8,506	9,876	6,773
Activities	11,364	8,973	5,668
Meetings & workshops	28,343	4,720	34,452
Travel	500	2,300	700
Professional fees	-	-	1,000
Transfer to capital assets	-	-	(7,775)
	254,377	351,881	294,960
Current surplus (deficit)	\$ (10,917)	\$ (6,832)	\$ 3,802

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #6

Registration and Membership

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed Contribution	\$ 5,000	\$ 5,000	\$ 5,000
Expenses			
Salaries and benefits	3,500	4,269	5,023
Travel	1,500	2,159	-
Supplies	-	210	-
	5,000	6,638	5,023
Current surplus (deficit)	\$ -	\$ (1,638)	\$ (23)

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #7

Governance and Institutions

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible Contribution	\$ -	\$ 175,934	\$ 572,758
ISC - Fixed Contribution	-	-	43,051
Recognition (deferral) of unexpended funding	-	79,748	4,980
	-	255,682	620,789
Expenses			
Salaries and benefits	-	56,423	62,504
Professional fees	-	55,651	9,053
Contracted Services	-	53,370	206,702
Activities	-	34,100	95,703
Assistance	-	28,359	136,069
Meetings & workshops	-	15,001	30,654
Admin fees	-	8,500	28,777
Utilities	-	7,401	23,340
Supplies	-	4,852	5,775
Travel	-	1,000	3,048
Equipment Purchase	-	-	45,000
Insurance	-	-	500
Transfer to capital assets	-	-	(45,000)
	-	264,657	602,125
Current deficit	\$ -	\$ (8,975)	\$ 18,664

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #8

Health Services

Schedule of Operations

For the Year Ended March 31, 2023

	2023 Budget	2023 Actual	2022 Actual
Revenue			
ISC - Flexible Contribution	\$ -	\$ 660,829	\$ 818,420
ISC - Set contribution	-	168,498	105,000
Receivable (payable) to ISC	-	-	(15,746)
Administrative Fees	-	42,376	32,698
File Hills Qu'Appelle Tribal Council	-	15,208	23,422
Other revenue	-	-	7,360
Recognition (deferral) of unexpended funding	-	40,498	(136,443)
	-	927,409	834,711
Expenses			
Salaries and benefits	-	311,681	245,611
Contracted Services	-	199,424	132,504
Activities	-	172,550	189,908
Travel	-	61,035	82,433
Admin fees	-	51,165	59,537
Repairs and maintenance	-	46,331	7,864
Utilities	-	19,909	21,156
Supplies	-	14,616	44,862
Meetings & workshops	-	12,862	15,256
Professional fees	-	12,325	10,455
Assistance	-	8,427	8,064
Insurance	-	5,421	4,789
Equipment Purchase	-	-	15,000
Transfer to capital assets	-	(42,857)	(15,000)
	-	872,889	822,439
Current surplus	\$ -	\$ 54,520	\$ 12,272

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #9

CMHC Operations

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
Canada Mortgage and Housing	\$ 116,654	\$ 251,118	\$ 504,845
Other revenue	35	-	1,192
	116,689	251,118	506,037
Expenses			
Contracted Services	-	276,391	520,631
Salaries and benefits	-	53,331	47,396
Supplies	-	46,872	7,165
Interest and bank charges	109,000	30,014	20,418
Insurance	13,498	20,555	16,716
Equipment Purchase	-	15,317	-
Admin fees	-	13,638	11,874
Professional fees	7,500	8,000	-
Repairs and maintenance	-	3,067	-
Utilities	-	428	-
Travel	-	250	-
Transfer to capital assets	-	(253,974)	(370,561)
	129,998	213,889	253,639
Current surplus (deficit)	\$ (13,309)	\$ 37,229	\$ 252,398

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #10

Band Programs
Schedule of Operations
For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible Contribution	\$ -	\$ 494,716	\$ 250,000
Other revenue	83,110	1,475,936	683,563
Rebate Income	320,000	418,262	307,450
Community Development Account	-	286,942	400,872
First Nations Trust	125,000	215,438	101,461
Federation of Sovereign Indigenous Nations	238,444	214,162	161,433
Ottawa Trust	-	175,598	131,764
Earnings (loss) in GBE	-	123,260	815
Keseechiwan Holdings - monetary benefit	91,000	91,628	90,159
File Hills Qu'Appelle Tribal Council	11,000	65,185	148,210
Government of Saskatchewan	30,000	52,329	25,765
Limited Partnership Earnings (loss)	-	37,008	(20,277)
TC Keystone Pipeline LP	-	10,000	176,000
Living Sky Community Development Corp	50,000	7,987	15,448
Recognition (deferral) of unexpended funding	-	89,339	316,093
	948,554	3,757,790	2,788,756
Expenses			
Activities	20,000	861,312	598,021
Contracted Services	3,028	742,469	535,261
Salaries and benefits	173,956	389,765	316,434
Assistance	22,200	342,369	284,174
Interest and bank charges	328,000	193,058	151,313
Professional fees	-	156,554	181,942
Travel	11,000	136,500	80,176
Utilities	7,468	97,506	14,127
Equipment Purchase	-	84,480	64,147
Repairs and maintenance	6,000	69,675	64,246
Meetings & workshops	3,000	58,744	81,637
Supplies	8,668	49,993	36,219
Admin fees	23,844	36,344	64,670
Student Tuition & Allowances	-	12,825	11,655
Insurance	280	2,133	24,155
Transfer to capital assets	-	(84,480)	(64,147)
	607,444	3,149,247	2,444,030
Current surplus	\$ 341,110	\$ 608,543	\$ 344,726

The accompanying notes are an integral part of these financial statements.

Nekaneet First Nation

Schedule #11

Depreciation
 Schedule of Operations
 For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
Expenses			
Community Development	\$ -	\$ 432,478	\$ 433,656
CMHC	-	127,994	127,995
Band Programs	-	53,810	51,029
CMHC Operations	-	27,746	26,051
Education	-	19,828	19,828
Governance and Institutions	-	11,250	11,250
Indigenous Government Support	-	2,927	811
Current deficit	\$ -	\$ (676,033)	\$ (670,620)

The accompanying notes are an integral part of these financial statements.